

**OKLAHOMA STATE DEPARTMENT OF HEALTH
BOARD OF HEALTH FINANCE COMMITTEE BRIEF
DECEMBER 2015**

SFY 2016 BUDGET AND EXPENDITURE FORECAST: AS OF 11/23/2015

<u>Division</u>	<u>Current Budget</u>	<u>Expenditures</u>	<u>Obligations</u>	<u>Forecasted Expenditures</u>	<u>Not Obligated or Forecasted</u>	<u>Performance Rate</u>
Public Health Infrastructure	\$ 17,057,780	\$ 1,303,033	\$ 4,881,385	\$ 10,692,443	\$ 180,919	98.94%
Protective Health Services	\$ 61,913,383	\$ 13,099,949	\$ 11,614,412	\$ 34,453,187	\$ 2,745,835	95.57%
Prevention & Preparedness Services	\$ 62,466,416	\$ 8,480,152	\$ 30,031,081	\$ 20,533,329	\$ 3,421,854	94.52%
Health Improvement Services	\$ 25,618,444	\$ 1,726,999	\$ 6,882,110	\$ 15,236,184	\$ 1,773,151	93.08%
Community & Family Health Services	\$ 235,545,750	\$ 28,248,354	\$ 35,438,869	\$ 167,974,632	\$ 3,883,895	98.35%
Totals:	\$ 402,601,773	\$ 52,858,487	\$ 88,847,857	\$ 248,889,775	\$ 12,005,654	97.02%
< 90%	90% - 95%		95% - 102.5%		102.5% - 105%	>105%

Expenditure Forecast Assumptions

- Payroll forecasted through June 30, 2016
- Budgeted vacant positions are forecasted at 50% of budgeted cost
- Forecasted expenditures includes the unencumbered amounts budgeted for:
 - Travel reimbursements
 - WIC food instrument payments
 - Trauma fund distributions
 - FQHC reimbursements
 - Amounts budgeted for county millage
 - Budget amounts for fiscal periods other than state fiscal year not yet active

Explanation of Change

- The amounts reported as 'Not Obligated or Forecasted' are not an estimate of lapsing funds. This represents planned expenditures that OSDH is currently taking action to execute.
- Two divisions, Prevention & Preparedness Services (PPS) and Health Improvement Services (HIS), have a "yellow light" status as of November 23, 2015
- The PPS performance rate of 94.52% is a 2.12% increase from the previously reported 92.40% for October. The HIS performance rate of 93.08% is a 2.94% increase from the previously reported 90.14% for October. Both divisions have improved since last reported in October.
- The amounts not obligated and not forecasted for these two divisions are due to contracts that are budgeted and in the process of being encumbered and budgeted vacant positions that are in the process of being filled

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POTENTIAL STATE GENERAL REVENUE REDUCTIONS FOR STATE FISCAL YEAR 2017

The OSDH received state general revenue appropriations of \$60,632,476 for state fiscal year 2016. With significant revenue reductions forecasted for state fiscal year 2017, the OSDH was asked to provide reduction scenarios that represent a 5%, 7.5%, and 10% state general revenue reductions.

5% (\$3,031,624) Reduction Scenario	
Amount	Description
\$10,000	Oklahoma State Athletic Commission: This would reduce the number of inspectors trained for events scheduled in SFY-17
\$500,000	Elimination of the RFP for the establishment of a Cord Blood Bank would take effect July 1, 2016 which supports positions within the Oklahoma Blood Institute.
\$2,521,624	FQHC Uncompensated Care: A reduction in funds to the OSDH would eliminate the FQHC Uncompensated Care Fund and prevent the OSDH from reimbursing FQHCs for uncompensated care costs associated with the delivery of primary, dental, and behavioral health care to uninsured patients. This will impact 15 FQHCs (representing 67 sites), which will lose partial reimbursement for 14,502 encounters with underinsured or uninsured clients.

7.5% (\$4,547,436) Reduction Scenario	
Amount	Description
\$15,000	Oklahoma State Athletic Commission: This would reduce the number of inspectors trained for events scheduled in SFY-17 and impact attendance by Board Commissioners to national conferences.
\$500,000	Elimination of the RFP for the establishment of a Cord Blood Bank would take effect July 1, 2016 which supports positions within the Oklahoma Blood Institute.
\$1,479,959	Community Based Child Abuse Prevention: A 50% cut would impact 369 families that would not be served and approximately 26 positions within the community non-profits would no longer be funded. In order to determine which programs would be eliminated, contractors will be rated and ranked by the number of home visits made and number of families served.
\$2,552,477	FQHC Uncompensated Care: A reduction in funds to the OSDH would eliminate the FQHC Uncompensated Care Fund and prevent the OSDH from reimbursing FQHCs for uncompensated care costs associated with the delivery of primary, dental, and behavioral health care to uninsured patients. This will impact 15 FQHCs (representing 67 sites), which will lose partial reimbursement for 14,502 encounters with underinsured or uninsured clients.

10% (\$6,063,248) Reduction Scenario	
Amount	Description
\$20,000	Oklahoma State Athletic Commission: This would reduce the number of inspectors trained for events scheduled in SFY-17; impact attendance by Board Commissioners to national conferences and reduce the number of inspectors employed to ensure compliance with Athletic Commission regulated events.
\$500,000	Elimination of the RFP for the establishment of a Cord Blood Bank would take effect July 1, 2016 which supports positions within the Oklahoma Blood Institute.
\$2,896,014	Community Based Child Abuse Prevention: This would impact approximately 749 families that would not be served and approximately 52 positions within the community non-profits that would no longer be funded. This would impact all 13 regional contractors.
\$2,552,477	FQHC Uncompensated Care: A reduction in funds to the OSDH would eliminate the FQHC Uncompensated Care Fund and prevent the OSDH from reimbursing FQHCs for uncompensated care costs associated with the delivery of primary, dental, and behavioral health care to uninsured patients. This will impact 15 FQHCs (representing 67 sites), which will lose partial reimbursement for 14,502 encounters with underinsured or uninsured clients.
\$94,757	OSDH Infrastructure will be impacted with the elimination of one management level vacant position which requires the permanent redistribution of responsibilities to existing FTE. The reduction is based on actual salary and estimate benefit cost to refill the position.